



## **Financial Report**

**For The Year Ended June 30, 2024**

**TOWN OF ALTAVISTA, VIRGINIA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**TOWN OF ALTAVISTA, VIRGINIA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**TOWN OF ALTAVISTA, VIRGINIA**

**DIRECTORY OF PRINCIPAL OFFICIALS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**TOWN COUNCIL**

Mike Mattox, Mayor  
Reggie Bennett, Vice Mayor  
James H. Higginbotham, II  
Tracy Emerson  
Tim George  
Dr. Scott Lowman  
Wayne Mitchell

**APPOINTED OFFICIALS**

Gary Shanaberger .....Town Manager  
John Eller ..... Town Attorney  
Tobie Shelton ..... Treasurer  
Tommy Merricks ..... Chief of Police

**INDEPENDENT AUDITORS**

Robinson, Farmer, Cox Associates



# ROBINSON, FARMER, COX ASSOCIATES, PLLC

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*Certified Public Accountants*

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## Independent Auditors' Report

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**To the Honorable Members of the Town Council  
Town of Altavista, Virginia**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the Town of Altavista, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Altavista, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the Town of Altavista, Virginia, as of June 30, 2024, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Altavista, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Altavista, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Altavista, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Altavista, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Required Supplementary Information (Continued)***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Altavista, Virginia's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2024, on our consideration of Town of Altavista, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Altavista, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Altavista, Virginia's internal control over financial reporting and compliance.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
November 18, 2024

## **BASIC FINANCIAL STATEMENTS**

### **- Government-Wide Financial Statements –**



Statement of Net Position  
At June 30, 2024

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	Altavista Economic Development Authority
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 16,692,625	\$ 9,292,322	\$ 25,984,947	\$ 15,951
Cash and cash equivalents, restricted	403,165	2,724,606	3,127,771	-
Receivables, (net of allowance for uncollectibles)	494,613	638,606	1,133,219	-
Leases receivable	1,058,675	-	1,058,675	-
Due from other governments	217,993	-	217,993	-
Due from primary government	-	-	-	11,732
Prepays	39,490	20,151	59,641	-
Inventory	101,531	-	101,531	-
Total current assets	\$ 19,008,092	\$ 12,675,685	\$ 31,683,777	\$ 27,683
Noncurrent assets:				
Capital assets:				
Land and construction in progress	\$ 2,484,656	\$ 7,286,469	\$ 9,771,125	\$ -
Buildings, infrastructure, and equipment (net of accumulated depreciation)	11,776,010	21,004,761	32,780,771	-
Total capital assets	\$ 14,260,666	\$ 28,291,230	\$ 42,551,896	\$ -
Total noncurrent assets	\$ 14,260,666	\$ 28,291,230	\$ 42,551,896	\$ -
Total assets	\$ 33,268,758	\$ 40,966,915	\$ 74,235,673	\$ 27,683
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	\$ 392,855	\$ 199,927	\$ 592,782	\$ -
Group life OPEB deferrals	36,210	16,757	52,967	-
Total deferred outflows of resources	\$ 429,065	\$ 216,684	\$ 645,749	\$ -
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	\$ 166,154	\$ 314,293	\$ 480,447	\$ 9,500
Accrued liabilities	245,888	46,546	292,434	-
Due to taxpayers	5,226	-	5,226	-
Due to Component Unit EDA	11,732	-	11,732	-
Accrued interest payable	2,107	144,811	146,918	-
Unearned revenue	-	1,694,870	1,694,870	-
Customer deposits	-	56,442	56,442	-
Environmental remediation	-	418,059	418,059	-
Current portion of long-term obligations	127,025	908,944	1,035,969	-
Total current liabilities	\$ 558,132	\$ 3,583,965	\$ 4,142,097	\$ 9,500
Noncurrent liabilities:				
Net pension liability	\$ 320,143	\$ 148,426	\$ 468,569	\$ -
Net group life OPEB liability	100,692	46,464	147,156	-
Noncurrent portion of long-term obligations	250,676	15,920,341	16,171,017	-
Total noncurrent liabilities	\$ 671,511	\$ 16,115,231	\$ 16,786,742	\$ -
Total liabilities	\$ 1,229,643	\$ 19,699,196	\$ 20,928,839	\$ 9,500
<b>Deferred Inflows of Resources:</b>				
Pension deferrals	\$ 97,626	\$ 134,718	\$ 232,344	\$ -
Lease deferrals	988,136	-	988,136	-
Group life OPEB deferrals	23,832	10,995	34,827	-
Total deferred inflows of resources	\$ 1,109,594	\$ 145,713	\$ 1,255,307	\$ -
<b>Net Position:</b>				
Net investment in capital assets	\$ 14,029,666	\$ 13,886,818	\$ 27,916,484	\$ -
Restricted	1,181,762	-	1,181,762	-
Unrestricted	16,147,158	7,451,872	23,599,030	18,183
Total net position	\$ 31,358,586	\$ 21,338,690	\$ 52,697,276	\$ 18,183

The accompanying notes to financial statements are an integral part of this statement.

Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities</b>				
General government administration	\$ 1,550,417	\$ 131,958	\$ -	\$ -
Public safety	1,405,473	115,729	351,994	-
Public works	2,723,150	35,033	1,352,086	-
Parks, recreation, and cultural	386,360	-	-	-
Community development	391,761	-	272,160	-
Interest on long-term debt	4,611	-	-	-
Total governmental activities	\$ 6,461,772	\$ 282,720	\$ 1,976,240	\$ -
<b>Business - type activities</b>				
Water and sewer	\$ 4,388,043	\$ 5,040,535	\$ 1,110,978	\$ -
Total business-type activities	\$ 4,388,043	\$ 5,040,535	\$ 1,110,978	\$ -
<b>Total primary government</b>	<b>\$ 10,849,815</b>	<b>\$ 5,323,255</b>	<b>\$ 3,087,218</b>	<b>\$ -</b>
<b>Component Unit:</b>				
Altavista Economic Development Authority	\$ 10,135	\$ -	\$ -	\$ -

The accompanying notes to financial statements are an integral part of this statement.

Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Altavista Economic Development Authority
<b>Primary Government:</b>				
<b>Governmental activities</b>				
General government administration	\$ (1,418,459)	\$ -	\$ (1,418,459)	\$ -
Public safety	(937,750)	-	(937,750)	-
Public works	(1,336,031)	-	(1,336,031)	-
Parks, recreation, and cultural	(386,360)	-	(386,360)	-
Community development	(119,601)	-	(119,601)	-
Interest on long-term debt	(4,611)	-	(4,611)	-
Total governmental activities	\$ (4,202,812)	\$ -	\$ (4,202,812)	\$ -
<b>Business - type activities</b>				
Water and sewer	\$ -	\$ 1,763,470	\$ 1,763,470	\$ -
Total business-type activities	\$ -	\$ 1,763,470	\$ 1,763,470	\$ -
<b>Total primary government</b>	\$ (4,202,812)	\$ 1,763,470	\$ (2,439,342)	\$ -
<b>Component Unit:</b>				
Altavista Economic Development Authority	\$ -	\$ -	\$ -	\$ (10,135)
<b>General Revenues</b>				
Property taxes	\$ 2,859,785	\$ -	\$ 2,859,785	\$ -
Meals taxes	1,499,462	-	1,499,462	-
Sales and use taxes	271,981	-	271,981	-
Bank stock taxes	195,181	-	195,181	-
Cigarette taxes	71,250	-	71,250	-
Other local taxes	413,345	-	413,345	-
Grants and contributions not restricted to specific programs	159,943	-	159,943	-
Revenue from use of money	685,886	374,954	1,060,840	7
Contributions from primary government	-	-	-	13,875
Miscellaneous	153,443	-	153,443	-
Total general revenues	\$ 6,310,276	\$ 374,954	\$ 6,685,230	\$ 13,882
Change in net position	\$ 2,107,464	\$ 2,138,424	\$ 4,245,888	\$ 3,747
Net position, beginning of year	29,251,122	19,200,266	48,451,388	14,436
Net position, end of year	\$ 31,358,586	\$ 21,338,690	\$ 52,697,276	\$ 18,183

## **BASIC FINANCIAL STATEMENTS**

### **- Fund Financial Statements –**

Balance Sheet  
Governmental Fund  
At June 30, 2024

	<b>General Fund</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 16,692,625
Cash and cash equivalents, restricted	403,165
Receivables (net of allowance for uncollectibles):	
Taxes	63,374
Accounts	431,239
Leases receivable	1,058,675
Due from other governments	217,993
Prepaid items	39,490
Inventory	101,531
	<hr/>
Total assets	\$ 19,008,092
	<hr/>
<b>Liabilities:</b>	
Accounts payable	\$ 166,154
Accrued liabilities	245,888
Due to taxpayers	5,226
Due to Component Unit EDA	11,732
	<hr/>
Total liabilities	\$ 429,000
	<hr/>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenue-property taxes	\$ 75,273
Lease deferrals	988,136
	<hr/>
Total deferred inflows of resources	\$ 1,063,409
	<hr/>
<b>Fund Balance:</b>	
Nonspendable	\$ 211,560
Restricted	1,181,762
Committed	4,891,871
Unassigned	11,230,490
	<hr/>
Total fund balance	\$ 17,515,683
	<hr/>
Total liabilities, deferred inflows of resources and fund balance	\$ 19,008,092
	<hr/>

The accompanying notes to financial statements are an integral part of this statement.

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
At June 30, 2024

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Total fund balance for governmental funds (Exhibit 3) \$ 17,515,683

Total net position reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and construction in progress	\$ 2,484,656	
Depreciable capital assets, net of accumulated depreciation	<u>11,776,010</u>	
Total capital assets		14,260,666

Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable property tax revenue in the funds. 75,273

Items related to measurement of the net pension asset and GLI OPEB liability are considered deferred outflows or deferred inflows and will be amortized and recognized in pension and GLI expense over future years.

Pension deferrals - deferred outflows	392,855
GLI OPEB deferrals - deferred outflows	36,210
Pension deferrals - deferred inflows	(97,626)
GLI OPEB deferrals - deferred inflows	(23,832)

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Balances of long-term liabilities affecting net position are as follows:

Net pension liability/asset	\$ (320,143)	
Net group life OPEB liability	(100,692)	
General obligation public improvement bond	(231,000)	
Accrued interest payable	(2,107)	
Compensated absences	<u>(146,701)</u>	
Total long-term liabilities		<u>(800,643)</u>
Total net position of governmental activities (Exhibits 1 and 2)	\$	<u><u>31,358,586</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Governmental Fund  
 For the Year Ended June 30, 2024

	<b>General Fund</b>
<b>Revenues:</b>	
General property taxes	\$ 2,862,970
Other local taxes	2,451,219
Permits, privilege fees and regulatory licenses	17,930
Fines and forfeitures	97,799
Revenue from use of money and property	851,144
Charges for services	1,733
Miscellaneous	153,443
Intergovernmental	<u>2,136,183</u>
Total revenues	\$ <u>8,572,421</u>
<b>Expenditures:</b>	
Current:	
General government administration	\$ 1,511,378
Public safety	1,594,601
Public works	2,588,267
Parks, recreation and cultural	218,330
Community development	991,415
Debt service:	
Principal retirement	17,000
Interest and other fiscal charges	<u>4,766</u>
Total expenditures	\$ <u>6,925,757</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>1,646,664</u>
Net changes in fund balance	\$ 1,646,664
Fund balance at beginning of year	<u>15,869,019</u>
Fund balance at end of year	<u><u>\$ 17,515,683</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
of Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2024

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Net change in fund balance - total governmental funds (Exhibit 5) \$ 1,646,664

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 1,105,028	
Depreciation expense	<u>(758,976)</u>	346,052

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenue - taxes	\$ (3,185)	(3,185)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Details of this adjustment are as follows:

Principal retired on bonds payable	\$ <u>17,000</u>	17,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (885)	
Change in accrued interest payable	155	
Change in deferred inflows related to the measurement of the net GLI OPEB liability	4,065	
Change in deferred inflows related to the measurement of the net pension liability	282,072	
Change in deferred outflows related to pensions	195,927	
Change in deferred outflows related to GLI OPEB	10,098	
Change in net GLI OPEB liability	(17,401)	
Change in net pension liability/asset	<u>(373,098)</u>	
Net adjustment		<u>100,933</u>

Change in net position of governmental activities (Exhibit 2)	\$ <u><u>2,107,464</u></u>
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The accompanying notes to financial statements are an integral part of this statement.



Statement of Net Position  
Proprietary Fund  
At June 30, 2024

	Business-type Activities Enterprise Fund Water and Sewer
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 9,292,322
Cash and cash equivalents - restricted	2,724,606
Receivables (net of allowance for uncollectibles):	
Accounts	638,606
Prepays	20,151
Total current assets	\$ 12,675,685
Noncurrent assets:	
Capital assets:	
Land and construction in progress	\$ 7,286,469
Buildings, infrastructure, and equipment, net of accumulated depreciation	21,004,761
Total capital assets	\$ 28,291,230
Total noncurrent assets	\$ 28,291,230
Total assets	\$ 40,966,915
<b>Deferred Outflows of Resources:</b>	
Pension deferrals	\$ 199,927
Group life OPEB deferrals	16,757
Total deferred outflows of resources	\$ 216,684
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	\$ 314,293
Accrued liabilities	46,546
Accrued interest payable	144,811
Customers' deposits	56,442
Unearned revenue	1,694,870
Environmental remediation	418,059
Bonds payable - current portion	861,203
Compensated absences - current portion	47,741
Total current liabilities	\$ 3,583,965
Noncurrent liabilities:	
Bonds payable - noncurrent portion	\$ 15,904,427
Net pension liability	148,426
Net group life OPEB liability	46,464
Compensated absences - noncurrent portion	15,914
Total noncurrent liabilities	\$ 16,115,231
Total liabilities	\$ 19,699,196
<b>Deferred Inflows of Resources:</b>	
Pension deferrals	\$ 134,718
Group life OPEB deferrals	10,995
Total deferred inflows of resources	\$ 145,713
<b>Net Position:</b>	
Net investment in capital assets	\$ 13,886,818
Unrestricted	7,451,872
Total net position	\$ 21,338,690

The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Fund  
 For the Year Ended June 30, 2024

		Business-type Activities
		Enterprise Fund
		Water and Sewer
<b>Operating revenues:</b>		
Charges for services	\$	5,040,535
Total operating revenues	\$	5,040,535
<b>Operating expenses:</b>		
Salaries	\$	1,072,075
Fringe benefits		204,688
Insurance		38,760
Maintenance		169,434
Utilities		696,033
Materials and supplies		501,836
Sample testing		25,610
Purchase of water		41,217
Other		75,737
Depreciation		1,199,478
Total operating expenses	\$	4,024,868
Operating income (loss)	\$	1,015,667
<b>Nonoperating revenues (expenses):</b>		
Interest revenue	\$	374,954
Interest expense		(363,175)
Grants		1,110,978
Total nonoperating revenues (expenses)	\$	1,122,757
<b>Income (loss) before transfers</b>	\$	2,138,424
Change in net position	\$	2,138,424
Net position, beginning of year		19,200,266
Net position, end of year	\$	21,338,690

The accompanying notes to financial statements are an integral part of this statement.

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2024

		Business-type Activities Enterprise Fund Water and Sewer
Cash flows from operating activities:		
Receipts from customers and users	\$	5,452,597
Payments to suppliers		(1,559,287)
Payments for employees		(1,386,692)
Net cash provided by (used for) operating activities	\$	2,506,618
Cash flows from capital and related financing activities:		
Interest paid	\$	(361,023)
Purchase of capital assets		(1,783,670)
Grant		4,146
Proceeds from bonds		90,858
Principal retired on debt		(850,634)
Net cash provided by (used for) capital and related financing activities	\$	(2,900,323)
Cash flows from investing activities:		
Interest revenue	\$	374,954
Net cash provided by (used for) investing activities	\$	374,954
Increase (decrease) in cash and cash equivalents	\$	(18,751)
Cash and cash equivalents at beginning of year (includes restricted cash)		12,035,679
Cash and cash equivalents at end of year (includes restricted cash)	\$	12,016,928
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$	1,015,667
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation		1,199,478
Changes in operating assets, deferred outflows, deferred inflows and liabilities:		
(Increase)/Decrease in accounts receivable		419,285
(Increase)/Decrease in prepaids		(5,323)
(Increase)/Decrease in deferred outflows of resources		(90,440)
Increase/(Decrease) in accounts payable		(5,337)
Increase/(Decrease) in accrued liabilities		5,216
Increase/(Decrease) in net pension liability/asset		179,941
Increase/(Decrease) in net GLI OPEB liability		(3,298)
Increase/(Decrease) in deferred inflows of resources		(205,613)
Increase/(Decrease) in compensated absences		4,265
Increase/(Decrease) in customer deposits		(7,223)
Net cash provided by (used for) operating activities	\$	2,506,618

The accompanying notes to financial statements are an integral part of this statement.

Statement of Fiduciary Net Position  
Fiduciary Fund  
At June 30, 2024

	<b>Custodial Fund War Memorial Donation Fund</b>
ASSETS	
Cash and cash equivalents	\$ 927
Total assets	\$ 927
NET POSITION	
Restricted for:	
War Memorial	\$ 927
Total net position	\$ 927

The accompanying notes to financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund  
 For the Year Ended June 30, 2024

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	<b>Custodial Fund War Memorial Donation Fund</b>
<b>Additions:</b>	
Investment earnings:	
Interest	\$ <u>8</u>
Total additions	\$ <u>8</u>
<b>Deductions:</b>	
Contributions	\$ <u>-</u>
Total deductions	\$ <u>-</u>
Change in fiduciary net position	\$ 8
<b>Net position - beginning</b>	<u>919</u>
<b>Net position - ending</b>	<u><u>\$ 927</u></u>

The accompanying notes to financial statements are an integral part of this statement.

## TOWN OF ALTAVISTA, VIRGINIA

### Notes to Financial Statements As of June 30, 2024

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

##### **A. The Financial Reporting Entity**

**Primary Government** - The Town of Altavista (the "Town") was established in 1912. It is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. The Town Council consists of a mayor, a vice mayor, and five other council members. The Town is part of Campbell County and has taxing powers subject to statewide restrictions and tax limits.

The Town of Altavista provides a full range of municipal services including police, refuse collection, public improvements, planning and zoning, general administrative services, fire, recreation, and water and sewer services. Fire and first aid services are supplemented by volunteer departments.

**Discretely Presented Component Unit** - A discretely presented component unit is an entity that is legally separate from the government, but for which the government is financially accountable, or whose relationship with the government is such that exclusion would cause the government's financial statements to be misleading or incomplete. It is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the Town.

##### **Altavista Economic Development Authority**

The Altavista Economic Development Authority (the "EDA") was created to promote industry and develop trade by encouraging enterprises to locate and remain in the Town. The EDA is governed by a Board of Directors appointed by Town Council and the Town is financially accountable for the EDA. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. The Authority does not issue a separate financial report.

The Town has no related or jointly governed organizations.

##### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary* government is reported separately from its legally separated *component unit* for which the primary government is financially accountable.

**Statement of Net Position** - The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Notes to Financial Statements  
As of June 30, 2024 (Continued)

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**B. Government-Wide and Fund Financial Statements: (Continued)**

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease and SBITA liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)**

applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Town the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

The *general fund* is the Town's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The *water and sewer enterprise fund* accounts for the financing of services to the general public where all or most of the operating expenses involved are intended to be recovered in the form of user charges, or where management has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for management control, accountability, or other purposes. The water and sewer enterprise fund consists of the activities relating to water and sewer services.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds (Trust and Custodial Funds) account for assets held by the Town in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds, which consist of the War Memorial Donation Fund. These funds utilize the economic resources measurement focus and accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**D. Net Position Flow Assumption**

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**E. Budgets and Budgetary Accounting**

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

- 1) Prior to June 30, the Town Manager submits to Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. This budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain citizen comments.
- 3) Prior to June 30, the budget is legally enacted through passage of an Appropriations Ordinance. Town Council may, from time to time, amend the budget, providing for additional expenditures and the means for financing them.
- 4) The Appropriations Ordinance places legal restrictions on expenditures at the department level. Management can over-expend at the line item level without approval of Town Council. The appropriation for each department or function can be revised only by Town Council.
- 5) Formal budgetary integration is employed as a management control device during the year.
- 6) Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations lapse on June 30 for all Town units.
- 7) All budget data presented in the accompanying financial statements includes the original and revised budgets as of June 30.

**Excess of Expenditures over Appropriations**

At June 30, there were no expenditures in excess of appropriations.

**F. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

**G. Inventory**

Inventory consists of expendable supplies held for consumption. Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Notes to Financial Statements  
As of June 30, 2024 (Continued)

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)****H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

**I. Allowance for Uncollectible Accounts**

The Town calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. The Town considers all accounts receivable related to the business-type activities to be fully collectible and accordingly, no allowance for doubtful accounts is considered necessary. The allowance for the general fund is composed of the following:

Real estate	\$	756
Personal property		<u>13,154</u>
Total	\$	<u><u>13,910</u></u>

**J. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. *Capital assets* are defined by the government as assets with an initial, individual cost of more than \$5,000 and a useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30-40
Machinery and equipment	5-10
Public domain infrastructure	50
Distribution and transmission systems	30-50
Water and sewer plants	30-50

Public domain infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. and includes all activity since July 1, 2001.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**K. Unavailable Revenue**

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$75,273 is comprised of the following:

Unavailable Property Tax Revenue – Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$75,273 at June 30, 2024.

**L. Compensated Absences**

The Town has policies which allow for the accumulation and vesting of limited amounts of vacation and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds when the leave is due and payable.

**M. Net Position**

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**N. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The following classifications describe the relative strength of spending constraints placed on the purposes for which resources can be used:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventory and prepaids. It also includes the long-term amount of interfund loans.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the Town, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the Town intends to use for a specified purpose; intent can be expressed by the governing body or by the Council which has been designated this authority.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**N. Fund Balance: (Continued)**

Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

**O. Restricted Resources-Fund Balance**

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**P. Minimum Fund Balance Policy**

Governmental funds of the Town do not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by Council.

**Q. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds. There are no significant encumbrances as of June 30, 2024.

**R. Uses of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

**S. Performance Grants Payable**

Performance grants payable are recorded when, in management's opinion, failure by the grantee to meet the performance criteria is unlikely. Refunds of performance grants are reflected as revenues when collection is determined to be likely.

**T. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one type of item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**T. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and is deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

**U. Pensions**

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**V. Other Post-Employment Benefits (OPEB)**

***Group Life Insurance***

For purposes of measuring the net GLI Plan OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**W. Leases**

The Town leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

***Lessor***

The Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**W. Leases (Continued)**

*Key Estimates and Judgments*

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases. The Town will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

**NOTE 2 - DEPOSITS AND INVESTMENTS:**

**Deposits**

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

**Investments**

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Pursuant to Sec. 2.1-234.7 of the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share). The investment policy specifies that no investment may have a maturity greater than one year from the date of purchase.

## TOWN OF ALTAVISTA, VIRGINIA

### Notes to Financial Statements As of June 30, 2024 (Continued)

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#### **NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)**

##### **Investments: (Continued)**

###### **Credit Risk:**

As required by state statute and by the Town, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investor's Service, provided that the issuing corporation has a net worth of \$50 million and its long-term debt is rated A or better by Moody's and Standard & Poor's. Banker's acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Open-end investment funds must be registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein. Commonwealth of Virginia and Virginia Local Government Obligations secured by debt service reserve funds not subject to annual appropriation must be rated AA or higher by Moody's or Standard & Poor's. Repurchase agreements require that the counterparty be rated "A" or better by Moody's and Standard & Poor's.

###### **Concentration of Credit Risk:**

Although the intent of the Policy is for the Town to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity, the Policy places no limit on the amount the Town may invest in any one issuer.

At June 30, all of the Town's investments were held in LGIP and SNAP. All investments were rated AAAM by Standard & Poor's.

	<b><u>Fair Value</u></b>
<b>Deposits and Investments:</b>	
LGIP	\$ 13,817,673
SNAP	2,724,605
Deposits	<u>12,586,091</u>
Total deposits and investments	<u>\$ 29,128,369</u>
<b>Reconciliation to Statement of Net Position - Exhibit 1:</b>	
Primary government:	
Cash and cash equivalents, excluding \$300 cash on hand	\$ 25,984,647
Cash and cash equivalents, restricted	3,127,771
Discretely presented component unit:	
Cash and cash equivalents	<u>15,951</u>
Total deposits and investments	<u>\$ 29,128,369</u>

###### **External Investment Pools:**

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pools rest with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

## TOWN OF ALTAVISTA, VIRGINIA

### Notes to Financial Statements As of June 30, 2024 (Continued)

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#### **NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)**

##### **Investments: (Continued)**

###### **Interest Rate Risk:**

The Policy limits certain investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Agency securities purchased must mature within five years of the date of purchase. Prime commercial paper must mature with 270 days of the date of purchase and banker's acceptances must mature within 180 days of the date of purchase. The Town is only invested in LGIP and SNAP at year end, in which funds are readily available.

###### **Custodial Credit Risk:**

The Policy requires that all investment securities purchased by the Town be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the Code of Virginia, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. As of June 30, the Town has no investments subject to custodial credit risk.

###### **Restricted Amounts:**

Restricted cash and cash equivalents consist of CDBG and USDA Loan Pools and unspent bond proceeds.

#### **NOTE 3 - RECEIVABLES:**

Receivables are as follows:

	<b>Primary Government</b>		
	<b>General</b>	<b>Water and Sewer</b>	<b>Total</b>
Receivables			
Taxes	\$ 77,284	\$ -	\$ 77,284
Leases	1,058,675	-	1,058,675
Accounts	431,239	638,606	1,069,845
Gross receivables	\$ 1,567,198	\$ 638,606	\$ 2,205,804
Less: allowance for uncollectibles	(13,910)	-	(13,910)
Net receivables	\$ 1,553,288	\$ 638,606	\$ 2,191,894



**TOWN OF ALTAVISTA, VIRGINIA**

**Notes to Financial Statements  
As of June 30, 2024 (Continued)**

**NOTE 4 – DUE TO/DUE FROM PRIMARY GOVERNMENT/COMPONENT UNIT:**

The composition of interfund receivables and payables is as follows:

<u>Entity</u>	<u>Due from Primary Government</u>	<u>Due to Component Unit</u>
General Fund	\$ -	\$ 11,732
EDA	11,732	-
Total	\$ 11,732	\$ 11,732

**NOTE 5 - DUE FROM OTHER GOVERNMENTS:**

Amounts due from other governments are as follows:

	<u>General Fund</u>	<u>Water and Sewer Fund</u>	<u>Primary Government</u>
Commonwealth of Virginia:			
Personal property tax relief	\$ 19,131	\$ -	\$ 19,131
Railroad rolling stock	17,229	-	17,229
Local sales taxes	43,420	-	43,420
Communication taxes	6,125	-	6,125
Other	1,005	-	1,005
Federal Government:			
ARPA	69,006	-	69,006
Brownsfield grant	62,077	-	62,077
Total	\$ 217,993	\$ -	\$ 217,993

# TOWN OF ALTAVISTA, VIRGINIA

## Notes to Financial Statements As of June 30, 2024 (Continued)

### NOTE 6 - CAPITAL ASSETS:

Capital asset activity for the year was as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,266,113	\$ -	\$ -	\$ 2,266,113
Construction in Progress	31,123	187,420	-	218,543
Total capital assets not being depreciated	\$ 2,297,236	\$ 187,420	\$ -	\$ 2,484,656
Capital assets, being depreciated:				
Buildings and improvements	\$ 5,198,499	\$ 291,807	\$ -	\$ 5,490,306
Machinery and equipment	5,480,124	502,517	502,105	5,480,536
Public domain infrastructure	8,827,497	123,284	-	8,950,781
Total capital assets being depreciated	\$ 19,506,120	\$ 917,608	\$ 502,105	\$ 19,921,623
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,075,881	\$ 133,152	\$ -	\$ 2,209,033
Machinery and equipment	3,681,091	336,815	502,105	3,515,801
Public domain infrastructure	2,131,770	289,009	-	2,420,779
Total accumulated depreciation	\$ 7,888,742	\$ 758,976	\$ 502,105	\$ 8,145,613
Total capital assets being depreciated, net	\$ 11,617,378	\$ 158,632	\$ -	\$ 11,776,010
Governmental activities capital assets, net	\$ 13,914,614	\$ 346,052	\$ -	\$ 14,260,666
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 20,332	\$ -	\$ -	\$ 20,332
Construction in Progress	7,063,189	1,551,062	1,348,114	7,266,137
Total capital assets not being depreciated	\$ 7,083,521	\$ 1,551,062	\$ 1,348,114	\$ 7,286,469
Capital assets, being depreciated:				
Distributions and transmission systems	\$ 27,353,129	\$ 1,310,964	\$ -	\$ 28,664,093
Water and sewer plants	13,828,144	-	-	13,828,144
Machinery and equipment	4,348,989	269,758	-	4,618,747
Total capital assets being depreciated	\$ 45,530,262	\$ 1,580,722	\$ -	\$ 47,110,984
Less accumulated depreciation	\$ 24,906,745	\$ 1,199,478	\$ -	\$ 26,106,223
Total capital assets being depreciated, net	\$ 20,623,517	\$ 381,244	\$ -	\$ 21,004,761
Business-type activities capital assets, net	\$ 27,707,038	\$ 1,932,306	\$ 1,348,114	\$ 28,291,230

**TOWN OF ALTAVISTA, VIRGINIA****Notes to Financial Statements  
As of June 30, 2024 (Continued)**

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**NOTE 6 - CAPITAL ASSETS: (CONTINUED)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 76,252
Public safety	61,160
Public works	430,515
Parks, recreation and cultural	185,026
Community development	<u>6,023</u>
Total governmental activities	\$ <u>758,976</u>
Business-type activities:	
Water and sewer	\$ <u>1,199,478</u>
Total business-type activities	\$ <u>1,199,478</u>

**NOTE 7 - LEASES RECEIVABLE:**

The Town leases tower space to companies under various lease contracts. In fiscal year 2024, the Town recognized principal and interest revenue in the amount of \$37,900 and \$32,381, respectively. A description of the leases is as follows:

Lease Description	Start Date	End Date	Length of Lease	Payment Frequency	Discount Rate	Receivable Balance
			Term (in months)			
Ohio State Cellular Phone Company - Tower Lease	7/1/2021	6/1/2046	300	Monthly	3.00%	\$ 938,989
Alltel Communications of Virginia - Tower Lease	2/1/2008	12/1/2029	1,102	Monthly	3.00%	<u>119,686</u>
Total						\$ <u>1,058,675</u>

**TOWN OF ALTAVISTA, VIRGINIA**

**Notes to Financial Statements  
As of June 30, 2024 (Continued)**

**NOTE 7 - LEASES RECEIVABLE: (CONTINUED)**

Expected future payments at June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 40,547	\$ 31,208	\$ 71,755
2026	43,309	29,954	73,263
2027	46,190	28,616	74,806
2028	49,193	27,188	76,381
2029	64,893	25,781	90,674
2030-2034	168,848	110,327	279,175
2035-2039	222,562	81,163	303,725
2040-2044	287,281	43,154	330,435
2045-2047	135,852	4,320	140,172
Total	<u>\$ 1,058,675</u>	<u>\$ 381,711</u>	<u>\$ 1,440,386</u>

**NOTE 8 - LONG-TERM OBLIGATIONS:**

The following is a summary of changes in long-term obligations for the year:

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Direct Borrowings and Placements:					
General obligation public improvement bond	\$ 248,000	\$ -	\$ 17,000	\$ 231,000	\$ 17,000
Net pension liability	-	1,174,313	854,170	320,143	-
Net GLI OPEB liability	83,291	69,631	52,230	100,692	-
Compensated absences	145,816	885	-	146,701	110,025
Total Governmental Activities	<u>\$ 477,107</u>	<u>\$ 1,244,829</u>	<u>\$ 923,400</u>	<u>\$ 798,536</u>	<u>\$ 127,025</u>
<b>Business-type Activities:</b>					
Direct Borrowings and Placements:					
General obligation public improvement bonds	\$ 12,836,000	\$ -	\$ 596,000	\$ 12,240,000	\$ 610,000
VRA general obligation bond	4,689,406	90,858	254,634	4,525,630	251,203
Net pension liability	-	542,235	393,809	148,426	-
Net GLI OPEB liability	49,762	28,554	31,852	46,464	-
Compensated absences	59,390	4,265	-	63,655	47,741
Total Business-type Activities	<u>\$ 17,634,558</u>	<u>\$ 665,912</u>	<u>\$ 1,276,295</u>	<u>\$ 17,024,175</u>	<u>\$ 908,944</u>
Total Primary Government	<u>\$ 18,111,665</u>	<u>\$ 1,910,741</u>	<u>\$ 2,199,695</u>	<u>\$ 17,822,711</u>	<u>\$ 1,035,969</u>

TOWN OF ALTAVISTA, VIRGINIA

Notes to Financial Statements  
As of June 30, 2024 (Continued)

**NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)**

Annual requirements to amortize long-term obligations are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities			
	General Obligation		General Obligation		VRA General	
	Public Improvement Bond		Public Improvement Bonds		Obligation Bond *	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 17,000	\$ 4,428	\$ 610,000	\$ 300,160	\$ 251,203	\$ 50,156
2026	18,000	4,080	626,000	285,653	253,722	47,638
2027	18,000	3,721	641,000	270,768	256,265	45,095
2028	18,000	3,363	655,000	255,527	258,834	42,526
2029	19,000	2,995	671,000	239,927	261,429	39,931
2030	19,000	2,617	687,000	223,920	264,050	37,310
2031	19,000	2,239	703,000	207,533	266,697	34,663
2032	20,000	1,851	720,000	190,725	269,371	31,989
2033	20,000	1,453	737,000	173,499	272,071	29,289
2034	21,000	1,045	756,000	155,865	274,799	26,561
2035	21,000	627	773,000	137,750	277,553	23,806
2036	21,000	209	791,000	121,739	280,336	21,024
2037	-	-	811,000	103,019	283,146	18,214
2038	-	-	832,000	81,614	285,985	15,375
2039	-	-	855,000	59,643	288,852	12,508
2040	-	-	877,000	37,059	291,748	9,612
2041	-	-	159,000	13,886	294,672	6,687
2042	-	-	165,000	8,459	297,627	3,733
2043	-	-	171,000	2,848	149,930	750
Total	\$ 231,000	\$ 28,628	\$ 12,240,000	\$ 2,869,594	\$ 5,078,290	\$ 496,867

\* Amortization requirements are based on drawing down the full amount of the bond.

Details of long-term obligations:

	Amount Outstanding	Due Within One Year
Governmental Activities:		
Public Improvement Bonds:		
\$299,000 General Obligation Public Improvement & Refunding Bond, Series 2020B, issued on April 23, 2020, principal payable in various annual installments beginning July 15, 2020 through January 15, 2036. Interest payable semiannually at 1.99%.	\$ 231,000	\$ 17,000

**TOWN OF ALTAVISTA, VIRGINIA**

**Notes to Financial Statements  
As of June 30, 2024 (Continued)**

**NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)**

Details of long-term obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Business-type Activities:		
Public Improvement Bonds:		
\$6,538,000 General Obligation Public Improvement Bond, Series 2020A, issued on April 7, 2020, principal payable in various annual installments beginning January 15, 2021 through January 15, 2040. Interest payable semiannually at 2.48%.	\$ 5,761,000	\$ 197,000
\$5,292,000 General Obligation Public Improvement & Refunding Bond, Series 2020B, issued on April 23, 2020, principal payable in various annual installments beginning July 15, 2020 through January 15, 2036. Interest payable semiannually at 1.99%.	4,044,000	320,000
\$2,525,000 General Obligation Public Improvement Bond, Series 2022, issued on September 29, 2022, principal payable in various annual installments beginning August 1, 2022 through August 1, 2042. Interest payable semiannually at 3.35%.	<u>2,435,000</u>	<u>93,000</u>
Total public improvement bonds	\$ <u>12,240,000</u>	\$ <u>610,000</u>
VRA General Obligation Bond:		
\$5,327,000 VRA General Obligation Bond, Series 2020C, issued on October 9, 2020, principal payable in various annual installments beginning November 1, 2020 through November 1, 2042. Interest payable semiannually at 1.00%. The amount drawn on the bond as of June 30, 2024 was \$4,780,264.	\$ <u>4,525,630</u>	\$ <u>251,203</u>
Total business-type activities	\$ <u>16,765,630</u>	\$ <u>861,203</u>
Grand Total Primary Government	\$ <u><u>16,996,630</u></u>	\$ <u><u>878,203</u></u>

**NOTE 9 - ENVIRONMENTAL REMEDIATION:**

The Department of Environmental Quality (DEQ) has designated the Town a potential responsible party for cleanup of PCBs on certain Town owned property. There are several courses of action that the Town is considering to remedy the situation, with estimated costs ranging from \$750,000 to \$4,000,000. Management has submitted plans for the \$750,000 option to the DEQ. The estimated liability is based on the DEQ accepting this remedy proposed by the Town. The outstanding liability at June 30, 2024 was \$418,059. If the DEQ does not accept the remedy, the actual costs may be more or less depending on their decision.

**NOTE 10 - PENSION PLAN:**

***Plan Description***

All full-time, salaried permanent employees of the Town are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

***Benefit Structures***

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

**NOTE 10 - PENSION PLAN: (CONTINUED)**

***Benefit Structures: (Continued)***

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

***Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.



## TOWN OF ALTAVISTA, VIRGINIA

### Notes to Financial Statements As of June 30, 2024 (Continued)

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#### **NOTE 10 - PENSION PLAN: (CONTINUED)**

##### ***Employees Covered by Benefit Terms***

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b><u>Number</u></b>
Inactive members or their beneficiaries currently receiving benefits	57
Inactive members:	
Vested inactive members	10
Non-vested inactive members	47
Inactive members active elsewhere in VRS	<u>43</u>
Total inactive members	100
Active members	<u>54</u>
Total covered employees	<u><u>211</u></u>

##### ***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required employer contribution rate for the year ended June 30, 2024 was 10.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$301,586 and \$288,229 for the years ended June 30, 2024 and June 30, 2023, respectively.

Notes to Financial Statements  
As of June 30, 2024 (Continued)

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**NOTE 10 - PENSION PLAN: (CONTINUED)**

***Net Pension Asset***

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

***Actuarial Assumptions – General Employees***

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

**Mortality rates:**

All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

**Mortality Improvement:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

## TOWN OF ALTAVISTA, VIRGINIA

### Notes to Financial Statements As of June 30, 2024 (Continued)

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#### **NOTE 10 - PENSION PLAN: (CONTINUED)**

##### ***Actuarial Assumptions – General Employees: (Continued)***

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

##### ***Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

## TOWN OF ALTAVISTA, VIRGINIA

### Notes to Financial Statements As of June 30, 2024 (Continued)

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#### **NOTE 10 - PENSION PLAN: (CONTINUED)**

##### ***Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits: (Continued)***

Mortality rates: (Continued)

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

# TOWN OF ALTAVISTA, VIRGINIA

## Notes to Financial Statements As of June 30, 2024 (Continued)

### NOTE 10 - PENSION PLAN: (CONTINUED)

#### ***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

\* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

\*\*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

#### ***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For

**TOWN OF ALTAVISTA, VIRGINIA**

**Notes to Financial Statements  
As of June 30, 2024 (Continued)**

**NOTE 10 - PENSION PLAN: (CONTINUED)**

***Discount Rate: (Continued)***

the year ended June 30, 2024, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***Changes in Net Pension Liability (Asset)***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 12,721,002	\$ 12,805,472	\$ (84,470)
Changes for the year:			
Service cost	\$ 327,747	\$ -	\$ 327,747
Interest	856,070	-	856,070
Differences between expected and actual experience	604,219	-	604,219
Contributions - employer	-	288,237	(288,237)
Contributions - employee	-	133,789	(133,789)
Net investment income	-	820,866	(820,866)
Benefit payments, including refunds of employee contributions	(732,461)	(732,461)	-
Administrative expenses	-	(8,224)	8,224
Other changes	-	329	(329)
Net changes	\$ 1,055,575	\$ 502,536	\$ 553,039
Balances at June 30, 2023	\$ 13,776,577	\$ 13,308,008	\$ 468,569

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

The following presents the net pension liability (asset) of the Town using the discount rate of 6.75%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
Town's Net Pension Liability (Asset)	\$ 2,150,799	\$ 468,569	\$ (891,135)

**Notes to Financial Statements**  
**As of June 30, 2024 (Continued)**

**NOTE 10 - PENSION PLAN: (CONTINUED)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2024, the Town recognized pension expense of \$88,862. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 274,045	\$ -
Net difference between projected and actual earnings on pension plan investments	-	215,193
Proportional change	17,151	17,151
Employer contributions subsequent to the measurement date	<u>301,586</u>	<u>-</u>
Total	<u>\$ 592,782</u>	<u>\$ 232,344</u>

\$301,586 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2025	\$ 122,974
2026	(254,811)
2027	184,138
2028	6,551
Thereafter	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

## TOWN OF ALTAVISTA, VIRGINIA

### Notes to Financial Statements As of June 30, 2024 (Continued)

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#### **NOTE 11 - SERVICE CONTRACTS:**

##### **Sewage Contract**

The Town is party to a 1991 contract with the Town of Hurt. The Town of Hurt made a capital contribution of \$325,000 to be used for expansion of a wastewater treatment plant. In exchange for the capital contribution, the Town contracted to provide sewage services for an indefinite period to an industrial park within the Town of Hurt. The contract provides that these services will be provided at the same rate the Town charges other customers for similar services.

#### **NOTE 12 - PROPERTY TAXES:**

The major sources of property taxes are real estate and personal property. Assessments are the responsibility of Campbell County, while billing and collection are the Town's responsibilities. Property taxes are levied annually on assessed values as of January 1 and are due by December 5 each year. Personal property taxes do not create a lien on property. The annual assessment for real estate is based on 100% of the assessed fair market value. A penalty of ten percent of the unpaid tax is due for late payment. Interest is accrued at ten percent for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the *Internal Revenue Code* Section 6621(b). The effective tax rates per \$100 of assessed value for the year ended June 30 were as follows:

Real estate	\$ 0.1043
Personal property	\$ 2.00
Machinery and tools	\$ 2.00

#### **NOTE 13 - RISK MANAGEMENT:**

The Town is insured for Workers' Compensation, General Liability, Health, and other risks.

Workers' Compensation Insurance is provided through the Virginia Risk Sharing Association. During 2023-2024, total premiums paid were approximately \$47,483. Benefits are those afforded through Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon covered payroll, job rates, and claims experience.

General liability and other insurance is provided through policies with the Virginia Risk Sharing Association. General liability and business automobile coverage have a \$1,000,000 limit per occurrence. Boiler and machinery has a \$5,000,000 limit. Property insurance is covered per statement of values and is approximately \$25,000,000. Police professional liability and public officials' liability insurance with a \$1,000,000 limit are covered through a policy with the Commonwealth of Virginia. Total premiums paid for the year ended June 30, 2024 were approximately \$103,691.

Healthcare coverage for employees is provided through a policy with Anthem. The Town contributes a percentage of the required premium amount for single coverage for each employee. The Town also pays a percentage of the coverage for dependents and spouses of employees. Total premiums paid for the year ended June 30, 2024 were approximately \$361,474.40.

There were no significant reductions in insurance coverages from the prior year and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.



## TOWN OF ALTAVISTA, VIRGINIA

### Notes to Financial Statements As of June 30, 2024 (Continued)

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#### **NOTE 14 - MAJOR CUSTOMERS/TAXPAYERS:**

During fiscal year 2024, approximately 71% of general property taxes and 79% of enterprise fund operating revenue were generated by five customers.

#### **NOTE 15 - FUND BALANCE/NET POSITION:**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the general fund are presented below:

<b>Category</b>	<b>General Fund</b>
<b>Nonspendable:</b>	
Prepaid items	\$ 39,490
Net lease receivable	70,539
Inventory	101,531
Total Nonspendable	<u>\$ 211,560</u>
<b>Restricted:</b>	
Public Works	\$ 1,165,122
Community Development	8,670
Public Safety	7,970
Total Restricted	<u>\$ 1,181,762</u>
<b>Committed:</b>	
Community Development	\$ 250,003
Public Works	897,578
Other Capital Projects	3,744,290
Total Committed	<u>\$ 4,891,871</u>
<b>Unassigned</b>	<u>\$ 11,230,490</u>
Total Fund Balance	<u>\$ 17,515,683</u>

#### **NOTE 16 - LITIGATION:**

At June 30, 2024, there were no matters of litigation involving the Town that would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

Notes to Financial Statements  
As of June 30, 2024 (Continued)

**NOTE 17 - CONSTRUCTION COMMITMENTS:**

The Town had the following significant outstanding construction commitments as of June 30, 2024:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
WWTP Electrical Upgrades	\$ 3,981,150	\$ 3,841,307	\$ 139,843
Amherst and Novelty Street Water Loop	348,792	342,441	6,351

**NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):**

***Plan Description***

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members’ paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

***Eligible Employees***

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

**NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$16,341 and \$15,605 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution..

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB***

At June 30, 2024, the entity reported a liability of \$147,156 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.012270% as compared to 0.01110% at June 30, 2022.

**TOWN OF ALTAVISTA, VIRGINIA**

**Notes to Financial Statements  
As of June 30, 2024 (Continued)**

**NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB (Continued)***

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$9,245. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 14,697	\$ 4,467
Net difference between projected and actual earnings on GLI OPEB plan investments	-	5,914
Change in assumptions	3,146	10,196
Changes in proportion	18,783	14,250
Employer contributions subsequent to the measurement date	<u>16,341</u>	<u>-</u>
Total	<u>\$ 52,967</u>	<u>\$ 34,827</u>

\$16,341 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<b><u>Year Ended June 30</u></b>	
2025	\$ 422
2026	(5,489)
2027	3,196
2028	(323)
2029	3,993
Thereafter	-

**NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

**Mortality Rates – Non-Largest Ten Locality Employers – General Employees**

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

## TOWN OF ALTAVISTA, VIRGINIA

### Notes to Financial Statements As of June 30, 2024 (Continued)

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#### **NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

##### ***Actuarial Assumptions (Continued)***

##### **Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)**

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

##### **Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees**

###### **Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

###### **Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

###### **Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

###### **Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

###### **Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

# TOWN OF ALTAVISTA, VIRGINIA

## Notes to Financial Statements As of June 30, 2024 (Continued)

### NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

#### *Actuarial Assumptions: (Continued)*

#### **Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)**

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

#### **NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
Employers' Net GLI OPEB Liability (Asset)	\$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

**TOWN OF ALTAVISTA, VIRGINIA**

**Notes to Financial Statements  
As of June 30, 2024 (Continued)**

**NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
	**Expected arithmetic nominal return		8.25%

\* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

\*\* On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.



**Notes to Financial Statements**  
**As of June 30, 2024 (Continued)**

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**NOTE 18 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

***Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 218,131	\$ 147,156	\$ 89,772

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 19 - LINE OF DUTY ACT (LODA) (OPEB BENEFITS):**

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The Town has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Town to Virginia Risk Sharing Association (VRSA). VRSA assumes all liability for the Town's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2024 was \$9,842.

**NOTE 20 - UPCOMING PRONOUNCEMENTS:**

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2024.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

**TOWN OF ALTAVISTA, VIRGINIA**

**Notes to Financial Statements  
As of June 30, 2024 (Continued)**

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**NOTE 21 - ARPA FUNDING:**

On March 11, 2022, the American Rescue Plan (ARPA) Act of 2022 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments were to receive funds in two tranches, with 50% provided beginning in May 2022 and the balance delivered approximately 12 months later.

As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,694,870 from the allocations are reported as unearned revenue as of June 30.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
General property taxes	\$ 2,682,580	\$ 2,682,580	\$ 2,862,970	\$ 180,390
Other local taxes	2,212,400	2,228,500	2,451,219	222,719
Permits, privilege fees and regulatory licenses	20,100	20,000	17,930	(2,070)
Fines and forfeitures	10,200	10,200	97,799	87,599
Use of money and property	144,500	144,500	851,144	706,644
Charges for services	6,600	6,600	1,733	(4,867)
Miscellaneous	95,900	441,520	153,443	(288,077)
Intergovernmental	1,641,730	2,262,880	2,136,183	(126,697)
Total revenues	\$ 6,814,010	\$ 7,796,780	\$ 8,572,421	\$ 775,641
<b>Expenditures</b>				
Current:				
General Government Administration	\$ 1,392,380	\$ 1,586,380	\$ 1,511,378	\$ 75,002
Public Safety	1,515,070	1,721,650	1,594,601	127,049
Public Works	3,286,430	4,005,140	2,588,267	1,416,873
Parks, Recreation, and Cultural	209,960	237,550	218,330	19,220
Community Development	412,400	1,145,920	991,415	154,505
Debt service:				
Principal retirement	17,000	17,000	17,000	-
Interest and other fiscal charges	4,770	4,770	4,766	4
Total expenditures	\$ 6,838,010	\$ 8,718,410	\$ 6,925,757	\$ 1,792,653
Excess (deficiency) of revenues over (under) expenditures	\$ (24,000)	\$ (921,630)	\$ 1,646,664	\$ 2,568,294
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 160,600	\$ 1,062,600	\$ -	\$ (1,062,600)
Transfers out	(136,600)	(140,970)	-	140,970
Total other financing sources (uses)	\$ 24,000	\$ 921,630	\$ -	\$ (921,630)
Net change in fund balance	\$ -	\$ -	\$ 1,646,664	\$ 1,646,664
Fund balance, beginning of year	-	-	15,869,019	15,869,019
Fund balance, end of year	\$ -	\$ -	\$ 17,515,683	\$ 17,515,683

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2014	2015	2016	2017	2018
<b>Total pension liability</b>					
Service cost	\$ 271,312	\$ 280,885	\$ 260,567	\$ 253,948	\$ 273,758
Interest	642,840	665,664	701,826	726,738	727,256
Differences between expected and actual experience	-	207,735	51,454	(256,321)	(94,953)
Changes in assumptions	-	-	-	(10,689)	-
Benefit payments	(518,629)	(657,566)	(617,796)	(698,118)	(714,432)
<b>Net change in total pension liability</b>	<b>\$ 395,523</b>	<b>\$ 496,718</b>	<b>\$ 396,051</b>	<b>\$ 15,558</b>	<b>\$ 191,629</b>
<b>Total pension liability - beginning</b>	<b>9,442,743</b>	<b>9,838,266</b>	<b>10,334,984</b>	<b>10,731,035</b>	<b>10,746,593</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 9,838,266</b>	<b>\$ 10,334,984</b>	<b>\$ 10,731,035</b>	<b>\$ 10,746,593</b>	<b>\$ 10,938,222</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 234,603	\$ 223,684	\$ 217,260	\$ 232,426	\$ 252,960
Contributions - employee	106,152	102,139	106,498	124,071	111,543
Net investment income	1,297,845	424,785	158,424	1,123,214	740,814
Benefit payments	(518,629)	(657,566)	(617,796)	(698,118)	(714,432)
Administrative expense	(7,080)	(6,054)	(5,988)	(6,690)	(6,572)
Other	69	(88)	(69)	(989)	(652)
<b>Net change in plan fiduciary net position</b>	<b>\$ 1,112,960</b>	<b>\$ 86,900</b>	<b>\$ (141,671)</b>	<b>\$ 773,914</b>	<b>\$ 383,661</b>
<b>Plan fiduciary net position - beginning</b>	<b>8,288,238</b>	<b>9,401,198</b>	<b>9,488,098</b>	<b>9,346,427</b>	<b>10,120,341</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 9,401,198</b>	<b>\$ 9,488,098</b>	<b>\$ 9,346,427</b>	<b>\$ 10,120,341</b>	<b>\$ 10,504,002</b>
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 437,068</b>	<b>\$ 846,886</b>	<b>\$ 1,384,608</b>	<b>\$ 626,252</b>	<b>\$ 434,220</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>95.56%</b>	<b>91.81%</b>	<b>87.10%</b>	<b>94.17%</b>	<b>96.03%</b>
<b>Covered payroll</b>	<b>\$ 2,126,666</b>	<b>\$ 2,057,442</b>	<b>\$ 2,000,874</b>	<b>\$ 2,062,716</b>	<b>\$ 2,264,416</b>
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	<b>20.55%</b>	<b>41.16%</b>	<b>69.20%</b>	<b>30.36%</b>	<b>19.18%</b>

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios (Continued)  
 For the Measurement Dates of June 30, 2014 through June 30, 2023

	2019	2020	2021	2022	2023
<b>Total pension liability</b>					
Service cost	\$ 265,620	\$ 290,456	\$ 299,715	\$ 304,221	\$ 327,747
Interest	744,015	761,658	785,981	868,488	856,070
Differences between expected and actual experience	(7,580)	15,293	48,615	(602,486)	604,219
Changes in assumptions	301,601	-	563,193	-	-
Benefit payments	(618,884)	(678,335)	(735,811)	(822,980)	(732,461)
<b>Net change in total pension liability</b>	<b>\$ 684,772</b>	<b>\$ 389,072</b>	<b>\$ 961,693</b>	<b>\$ (252,757)</b>	<b>\$ 1,055,575</b>
<b>Total pension liability - beginning</b>	<b>10,938,222</b>	<b>11,622,994</b>	<b>12,012,066</b>	<b>12,973,759</b>	<b>12,721,002</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 11,622,994</b>	<b>\$ 12,012,066</b>	<b>\$ 12,973,759</b>	<b>\$ 12,721,002</b>	<b>\$ 13,776,577</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 226,704	\$ 234,092	\$ 239,530	\$ 222,679	\$ 288,237
Contributions - employee	113,472	116,407	121,279	112,007	133,789
Net investment income	691,759	206,378	2,909,559	(6,382)	820,866
Benefit payments	(618,884)	(678,335)	(735,811)	(822,980)	(732,461)
Administrative expense	(6,964)	(7,177)	(7,400)	(8,358)	(8,224)
Other	(436)	(243)	273	301	329
<b>Net change in plan fiduciary net position</b>	<b>\$ 405,651</b>	<b>\$ (128,878)</b>	<b>\$ 2,527,430</b>	<b>\$ (502,733)</b>	<b>\$ 502,536</b>
<b>Plan fiduciary net position - beginning</b>	<b>10,504,002</b>	<b>10,909,653</b>	<b>10,780,775</b>	<b>13,308,205</b>	<b>12,805,472</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 10,909,653</b>	<b>\$ 10,780,775</b>	<b>\$ 13,308,205</b>	<b>\$ 12,805,472</b>	<b>\$ 13,308,008</b>
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 713,341</b>	<b>\$ 1,231,291</b>	<b>\$ (334,446)</b>	<b>\$ (84,470)</b>	<b>\$ 468,569</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>93.86%</b>	<b>89.75%</b>	<b>102.58%</b>	<b>100.66%</b>	<b>96.60%</b>
<b>Covered payroll</b>	<b>\$ 2,354,916</b>	<b>\$ 2,443,640</b>	<b>\$ 2,576,224</b>	<b>\$ 2,403,775</b>	<b>\$ 2,889,901</b>
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	<b>30.29%</b>	<b>50.39%</b>	<b>-12.98%</b>	<b>-3.51%</b>	<b>16.21%</b>

Schedule of Employer Contributions - Pension Plan  
For the Years Ended June 30, 2015 through June 30, 2024

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<b>Date</b>	<b>Contractually Required Contribution (1)*</b>	<b>Contributions in Relation to Contractually Required Contribution (2)*</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
2024	\$ 301,586	\$ 301,586	\$ -	\$ 3,026,068	9.97%
2023	288,229	288,229	-	2,889,901	9.97%
2022	222,573	222,573	-	2,403,775	9.26%
2021	239,530	239,530	-	2,576,224	9.30%
2020	234,289	234,289	-	2,443,640	9.59%
2019	226,704	226,704	-	2,354,916	9.63%
2018	254,273	254,273	-	2,264,416	11.23%
2017	232,267	232,267	-	2,062,716	11.26%
2016	218,896	218,896	-	2,000,874	10.94%
2015	223,684	223,684	-	2,057,442	10.87%

\* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.



Notes to Required Supplementary Information - Pension Plan  
For the Year Ended June 30, 2024

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**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of the Town's Share of Net OPEB Liability  
 Group Life Insurance Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2023

<b>Date</b> <b>(1)</b>	<b>Employer's Proportion of the Net GLI OPEB Liability (Asset)</b> <b>(2)</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)</b> <b>(3)</b>	<b>Employer's Covered Payroll</b> <b>(4)</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)</b> <b>(5)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</b> <b>(6)</b>
2023	0.01227%	\$ 147,156	\$ 2,889,901	5.09%	69.30%
2022	0.01110%	133,053	2,403,775	5.54%	67.21%
2021	0.01250%	145,301	2,576,224	5.64%	67.45%
2020	0.01190%	198,090	2,443,640	8.11%	52.64%
2019	0.01201%	195,435	2,354,916	8.30%	52.00%
2018	0.01191%	181,000	2,264,416	7.99%	51.22%
2017	0.01118%	168,000	2,062,716	8.14%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

## Schedule of Employer Contributions

## Group Life Insurance Plan

For the Years Ended June 30, 2017 through June 30, 2024

Date	Contributions in Relation to					Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2024	\$ 16,341	\$ 16,341	\$ -	\$ 3,026,068		0.54%
2023	15,605	15,605	-	2,889,901		0.54%
2022	12,980	12,980	-	2,403,775		0.54%
2021	13,912	13,912	-	2,576,224		0.54%
2020	12,707	12,707	-	2,443,640		0.52%
2019	12,246	12,246	-	2,354,916		0.52%
2018	11,865	11,865	-	2,264,416		0.52%
2017	9,840	9,840	-	2,062,716		0.48%

Schedule is intended to show information for 10 years. Information prior to the 2017 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information  
Group Life Insurance Plan  
For the Year Ended June 30, 2024

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**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

## **OTHER SUPPLEMENTARY INFORMATION**

**- Supporting Statements –**

**Discretely Presented Component Unit – Altavista Economic Development Authority**

Discretely Presented Component Unit -  
Altavista Economic Development Authority  
Statement of Net Position  
At June 30, 2024

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**Assets:**

## Current assets:

Cash and cash equivalents	\$ 15,951
Due from primary government	<u>11,732</u>
Total current assets	<u>\$ 27,683</u>
 Total assets	 <u><u>\$ 27,683</u></u>

**Liabilities:**

## Current liabilities:

Accounts payable and accrued liabilities	\$ <u>9,500</u>
Total current liabilities	<u>\$ 9,500</u>
 Total liabilities	 <u>\$ 9,500</u>

**Net Position:**

Unrestricted	\$ <u>18,183</u>
 Total net position	 <u>\$ 18,183</u>
 Total liabilities and net position	 <u><u>\$ 27,683</u></u>

Discretely Presented Component Unit -  
Altavista Economic Development Authority  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2024

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<b>Operating expenses:</b>	
Other expenses	\$ <u>10,135</u>
 Total operating expenses	 \$ <u>10,135</u>
 Operating income (loss)	 \$ <u>(10,135)</u>
 <b>Nonoperating revenues (expenses):</b>	
Contributions from primary government	\$ 13,875
Interest income	<u>7</u>
 Total nonoperating revenues (expenses)	 \$ <u>13,882</u>
 Change in net position	 \$ 3,747
 Net position, beginning of year	 <u>14,436</u>
 Net position, end of year	 \$ <u><u>18,183</u></u>



Discretely Presented Component Unit -  
 Altavista Economic Development Authority  
 Statement of Cash Flows  
 For the Year Ended June 30, 2024

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Cash flows from operating activities:	
Payments for other expenses	\$ <u>(635)</u>
Net cash provided by (used for) operating activities	\$ <u>(635)</u>
Cash flows from noncapital financing activities:	
Contribution from primary government	\$ <u>13,875</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>13,875</u>
Increase (decrease) in cash and cash equivalents	\$ 13,240
Cash and cash equivalents at beginning of year	<u>2,711</u>
Cash and cash equivalents at end of year	\$ <u><u>15,951</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (10,135)
Changes in operating assets and liabilities:	
Increase/(Decrease) in accounts payable and accrued liabilities	<u>9,500</u>
Net cash provided by (used for) operating activities	\$ <u><u>(635)</u></u>

## STATISTICAL INFORMATION

General Government Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Miscellaneous	Inter-governmental	Total
2023-24	\$ 2,862,970	\$ 2,451,219	\$ 17,930	\$ 97,799	\$ 851,144	\$ 155,176	\$ 2,136,183	\$ 8,572,421
2022-23	2,295,451	2,190,150	19,378	49,403	560,104	174,779	1,621,474	6,910,739
2021-22	2,599,834	2,069,844	15,107	12,976	319,599	223,289	1,950,354	7,191,003
2020-21	2,629,651	1,982,615	26,533	7,353	188,565	432,676	2,002,892	7,270,285
2019-20	2,429,686	1,744,729	19,230	28,010	388,639	410,240	2,002,710	7,023,244
2018-19	2,359,155	1,798,870	22,300	15,742	309,126	172,553	1,144,619	5,822,365
2017-18	2,242,580	1,732,997	21,036	21,354	182,624	298,559	1,169,613	5,668,763
2016-17	2,188,255	1,765,088	17,120	16,192	174,066	146,098	1,057,758	5,364,577
2015-16	2,336,643	1,441,096	16,119	13,580	160,237	131,546	1,103,313	5,202,534
2014-15	2,252,683	1,451,768	15,610	7,704	154,913	63,718	1,118,273	5,064,669

(1) Consists solely of general fund revenues.

General Government Expenditures by Function (1)  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation and Cultural	Community Development	Capital Outlay	Debt Service	Total
2023-24	\$ 1,511,378	\$ 1,594,601	\$ 2,588,267	\$ 218,330	\$ 991,415	\$ -	\$ 21,766	\$ 6,925,757
2022-23	1,423,764	1,321,966	2,303,412	382,821	1,196,878	-	22,104	6,650,945
2021-22	1,119,531	1,206,349	3,058,015	357,050	1,200,984	-	21,253	6,963,182
2020-21	1,687,661	1,191,449	1,581,986	924,909	402,462	-	22,151	5,810,618
2019-20	2,079,166	1,498,546	2,966,061	772,328	305,624	-	324,314	7,946,039
2018-19	992,842	1,109,508	1,874,453	808,649	87,512	-	23,127	4,896,091
2017-18	1,170,324	1,068,124	2,252,048	415,922	52,253	-	23,127	4,981,798
2016-17	961,380	924,785	1,611,302	206,382	195,393	-	23,127	3,922,369
2015-16	897,077	924,201	1,824,969	160,788	158,322	15,000	-	3,980,357
2014-15	940,671	872,280	1,189,343	159,973	68,319	86,330	-	3,316,916

(1) Consists solely of general fund expenditures.

Computation of Legal Debt Limit  
June 30, 2024

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Assessed value of real estate, January 1, 2023	\$ <u>363,809,040</u>
Legal debt limit, (10% of \$363,809,040)	\$ 36,380,904
Total bonded debt	<u>16,996,630</u>
Legal debt margin	\$ <u>19,384,274</u>

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years

	2015	2016	2017	2018	2019
Revenues:					
General property taxes	\$ 2,252,683	\$ 2,336,643	\$ 2,188,255	\$ 2,242,580	\$ 2,359,155
Other local taxes	1,451,768	1,441,096	1,765,088	1,732,997	1,798,870
Permits, privilege fees and regulatory licenses	15,610	16,119	17,120	21,036	22,300
Fines and forfeitures	7,704	13,580	16,192	21,354	15,742
Revenue from use of money and property	154,913	160,237	174,066	182,624	309,126
Charges for services	6,970	7,080	4,578	6,358	6,447
Miscellaneous	56,748	124,466	141,520	292,201	166,106
Intergovernmental	1,118,273	1,103,313	1,057,758	1,169,613	1,144,619
Total revenues	\$ 5,064,669	\$ 5,202,534	\$ 5,364,577	\$ 5,668,763	\$ 5,822,365
Expenditures:					
General government administration	\$ 940,671	\$ 897,077	\$ 961,380	\$ 1,170,324	\$ 992,842
Public safety	872,280	924,201	924,785	1,068,124	1,109,508
Public works	1,189,343	1,824,969	1,611,302	2,252,048	1,874,453
Parks, recreation, and cultural	159,973	160,788	206,382	415,922	808,649
Community development	68,319	158,322	195,393	52,253	87,512
Capital outlay	86,330	15,000	-	-	-
Debt service:					
Principal retirement	-	-	14,193	14,201	14,570
Interest and other fiscal charges	-	-	8,934	8,926	8,557
Total expenditures	\$ 3,316,916	\$ 3,980,357	\$ 3,922,369	\$ 4,981,798	\$ 4,896,091
Excess (deficiency) of revenues over (under) expenditures	\$ 1,747,753	\$ 1,222,177	\$ 1,442,208	\$ 686,965	\$ 926,274
Other financing sources (uses):					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	-	-	-	-
Issuance of long-term debt	-	357,500	-	-	-
Total other financing sources (uses)	\$ -	\$ 357,500	\$ -	\$ -	\$ -
Net changes in fund balances	\$ 1,747,753	\$ 1,579,677	\$ 1,442,208	\$ 686,965	\$ 926,274
Fund balance, beginning	11,472,613	13,220,366	14,800,043	16,242,251	16,929,216
Fund balance, ending	\$ 13,220,366	\$ 14,800,043	\$ 16,242,251	\$ 16,929,216	\$ 17,855,490

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years

	2020	2021	2022	2023	2024
Revenues:					
General property taxes	\$ 2,429,686	\$ 2,629,651	\$ 2,599,834	\$ 2,295,451	\$ 2,862,970
Other local taxes	1,744,729	1,982,615	2,069,844	2,190,150	2,451,219
Permits, privilege fees and regulatory licenses	19,230	26,533	15,107	19,378	17,930
Fines and forfeitures	28,010	7,353	12,976	49,403	97,799
Revenue from use of money and property	388,639	188,565	319,599	560,104	851,144
Charges for services	6,098	3,744	5,943	5,164	1,733
Miscellaneous	404,142	428,932	217,346	169,615	153,443
Intergovernmental	2,002,710	2,002,892	1,950,354	1,621,474	2,136,183
Total revenues	\$ 7,023,244	\$ 7,270,285	\$ 7,191,003	\$ 6,910,739	\$ 8,572,421
Expenditures:					
General government administration	\$ 2,079,166	\$ 1,687,661	\$ 1,119,531	\$ 1,423,764	\$ 1,511,378
Public safety	1,498,546	1,191,449	1,206,349	1,321,966	1,594,601
Public works	2,966,061	1,581,986	3,058,015	2,303,412	2,588,267
Parks, recreation, and cultural	772,328	924,909	357,050	382,821	218,330
Community development	305,624	402,462	1,200,984	1,196,878	991,415
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	314,536	18,000	16,000	17,000	17,000
Interest and other fiscal charges	9,778	4,151	5,253	5,104	4,766
Total expenditures	\$ 7,946,039	\$ 5,810,618	\$ 6,963,182	\$ 6,650,945	\$ 6,925,757
Excess (deficiency) of revenues over (under) expenditures	\$ (922,795)	\$ 1,459,667	\$ 227,821	\$ 259,794	\$ 1,646,664
Other financing sources (uses):					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	-	(2,000,000)	(1,309,958)	-
Issuance of long-term debt	299,000	-	-	-	-
Total other financing sources (uses)	\$ 299,000	\$ -	\$ (2,000,000)	\$ (1,309,958)	\$ -
Net changes in fund balances	\$ (623,795)	\$ 1,459,667	\$ (1,772,179)	\$ (1,050,164)	\$ 1,646,664
Fund balance, beginning	17,855,490	17,231,695	18,691,362	16,919,183	15,869,019
Fund balance, ending	\$ 17,231,695	\$ 18,691,362	\$ 16,919,183	\$ 15,869,019	\$ 17,515,683

Comparative Statement of Revenues, Expenses, and Changes in Net Position of Proprietary Fund  
Last Ten Fiscal Years

	2015	2016	2017	2018	2019
Operating revenues:					
Charges for services	\$ 2,913,734	\$ 3,078,713	\$ 3,583,925	\$ 3,473,705	\$ 3,702,997
Other	21,282	176,432	20,928	39,075	22,917
Total operating revenues	\$ 2,935,016	\$ 3,255,145	\$ 3,604,853	\$ 3,512,780	\$ 3,725,914
Operating expenses:					
Salaries	\$ 816,887	\$ 777,599	\$ 869,765	\$ 982,232	\$ 1,031,852
Fringe benefits	235,766	211,174	272,208	242,237	271,896
Insurance	-	-	-	-	-
Maintenance	44,888	157,404	370,678	303,183	260,609
Utilities	432,098	439,451	448,587	456,681	487,356
Materials and supplies	367,905	370,002	395,891	409,434	509,612
Sample testing	14,247	10,799	18,155	19,790	24,840
Purchase of water	10,428	74,200	92,220	43,300	31,283
Other	82,190	98,522	165,686	259,565	92,903
Depreciation	772,296	782,614	1,058,183	1,046,025	1,062,495
Total operating expenses	\$ 2,776,705	\$ 2,921,765	\$ 3,691,373	\$ 3,762,447	\$ 3,772,846
Operating income (loss)	\$ 158,311	\$ 333,380	\$ (86,520)	\$ (249,667)	\$ (46,932)
Nonoperating revenues (expenses):					
Interest revenue	\$ 11,390	\$ 10,396	\$ 4,607	\$ 6,483	\$ 21,011
Interest expense	(17,448)	(20,728)	(130,406)	(158,688)	(151,432)
Bond issuance costs	(30,469)	(44,300)	-	-	-
Environmental remediation	-	-	-	-	-
Grants	-	7,395	24,881	30,458	-
Total nonoperating revenues (expenses)	\$ (36,527)	\$ (47,237)	\$ (100,918)	\$ (121,747)	\$ (130,421)
Income (loss) before transfers	\$ 121,784	\$ 286,143	\$ (187,438)	\$ (371,414)	\$ (177,353)
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Net changes in net position	\$ 121,784	\$ 286,143	\$ (187,438)	\$ (371,414)	\$ (177,353)
Net position, beginning, as restated*	12,909,062	13,030,846	13,316,989	13,071,631	12,700,217
Net position, ending	\$ 13,030,846	\$ 13,316,989	\$ 13,129,551	\$ 12,700,217	\$ 12,522,864

\* GASB 68 was implemented in FY 2015. No prior year information available related to GASB 68.

\* GASB 75 was implemented in FY 2018. No prior year information available related to GASB 75.



Comparative Statement of Revenues, Expenses, and Changes in Net Position of Proprietary Fund  
Last Ten Fiscal Years

	2020	2021	2022	2023	2024
Operating revenues:					
Charges for services	\$ 3,879,861	\$ 4,148,700	\$ 4,470,173	\$ 4,987,449	\$ 5,040,535
Other	26,984	28,267	687,367	-	-
Total operating revenues	\$ 3,906,845	\$ 4,176,967	\$ 5,157,540	\$ 4,987,449	\$ 5,040,535
Operating expenses:					
Salaries	\$ 1,075,743	\$ 1,044,364	\$ 937,944	\$ 1,009,911	\$ 1,072,075
Fringe benefits	346,799	432,184	309,320	210,765	204,688
Insurance	-	27,351	28,620	31,200	38,760
Maintenance	135,487	112,517	106,842	99,840	169,434
Utilities	573,621	490,423	538,080	624,032	696,033
Materials and supplies	471,381	469,662	532,153	543,295	501,836
Sample testing	32,677	29,395	17,948	24,921	25,610
Purchase of water	30,163	34,024	28,431	45,507	41,217
Other	237,452	72,538	46,542	160,660	75,737
Depreciation	1,090,333	1,054,655	1,077,224	1,153,196	1,199,478
Total operating expenses	\$ 3,993,656	\$ 3,767,113	\$ 3,623,104	\$ 3,903,327	\$ 4,024,868
Operating income (loss)	\$ (86,811)	\$ 409,854	\$ 1,534,436	\$ 1,084,122	\$ 1,015,667
Nonoperating revenues (expenses):					
Interest revenue	\$ 20,042	\$ 18,842	\$ 16,243	\$ 264,358	\$ 374,954
Interest expense	(179,310)	(252,596)	(250,189)	(361,060)	(363,175)
Bond issuance costs	-	-	-	-	-
Environmental remediation	-	-	-	331,941	-
Grants	24,455	39,042	484,777	269,298	1,110,978
Total nonoperating revenues (expenses)	\$ (134,813)	\$ (194,712)	\$ 250,831	\$ 504,537	\$ 1,122,757
Income (loss) before transfers	\$ (221,624)	\$ 215,142	\$ 1,785,267	\$ 1,588,659	\$ 2,138,424
Transfers in	\$ -	\$ -	\$ 2,000,000	\$ 1,309,958	\$ -
Net changes in net position	\$ (221,624)	\$ 215,142	\$ 3,785,267	\$ 2,898,617	\$ 2,138,424
Net position, beginning, as restated*	12,522,864	12,301,240	12,516,382	16,301,649	19,200,266
Net position, ending	\$ 12,301,240	\$ 12,516,382	\$ 16,301,649	\$ 19,200,266	\$ 21,338,690

\* GASB 68 was implemented in FY 2015. No prior year information available related to GASB 68.

\* GASB 75 was implemented in FY 2018. No prior year information available related to GASB 75.

## COMPLIANCE



**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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**To the Honorable Members of the Town Council  
Town of Altavista, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the Town of Altavista, Virginia as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Altavista, Virginia's basic financial statements, and have issued our report thereon dated November 18, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Altavista, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Altavista, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Altavista, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

**Report Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Altavista, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Town of Altavista, Virginia's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Altavista, Virginia's response to the findings identified in our audit and is described in the accompanying schedule of findings and questioned costs. Town of Altavista, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
November 18, 2024



**Independent Auditors' Report on Compliance for Each Major Program and on Internal  
Control over Compliance Required by the Uniform Guidance**

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**To the Honorable Members of the Town Council  
Town of Altavista, Virginia**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Town of Altavista, Virginia's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Town of Altavista, Virginia's major federal programs for the year ended June 30, 2024. Town of Altavista, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Altavista, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Altavista, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Altavista, Virginia's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Altavista, Virginia's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Altavista, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Altavista, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Altavista, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Altavista, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Altavista, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

## Report on Internal Control over Compliance: (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farnell, Cox Associates*

Charlottesville, Virginia  
November 18, 2024

**TOWN OF ALTAVISTA, VIRGINIA**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>Primary Government:</b>			
Department of Treasury:			
Direct Payments:			
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,110,978
Pass-Through Payments:			
Virginia Department of Housing and Community Development:			
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	57,000
Virginia Department of Criminal Justice Services:			
COVID-19-Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Available	212,756
Total Department of Treasury			\$ <u>1,380,734</u>
Department of Transportation:			
Pass-Through Payments:			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	BPT2353228 and BPT202454043	\$ 725
Virginia Department of Rail and Public Transportation:			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	N/A	\$ <u>223,436</u>
Total Department of Transportation			\$ <u>224,161</u>
Environmental Protection Agency:			
Pass-Through Payments:			
Virginia Department of Environmental Quality:			
Brownfields Multipurpose Assessment Revolving Loan			
Fund and Cleanup Cooperative Agreements	66.818	N/A	\$ <u>116,957</u>
Department of Criminal Justice			
Pass-Through Payments:			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ <u>4,000</u>
Total Expenditures of Federal Awards-Reporting Entity			\$ <u><u>1,725,852</u></u>



## TOWN OF ALTAVISTA, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

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### Note 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Altavista, Virginia under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of the operations of the Town of Altavista, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Altavista, Virginia.

### Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

### Note 3 - De Minimis Cost Rate

The Town did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

### Note 4 - Subrecipients

No awards were passed through to subrecipients.

### Note 5 - Loan Balances

The Town has no loans or loan guarantees which are subject to reporting requirements for the current year.

### Note 6 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,136,183
Less nonfederal revenues included in intergovernmental revenue	<u>(410,331)</u>
Total primary government	<u>\$ 1,725,852</u>

Total federal expenditures per the Schedule of Expenditures  
of Federal Awards

\$ 1,725,852

**TOWN OF ALTAVISTA, VIRGINIA**

Schedule of Findings and Questioned Costs  
For The Year Ended June 30, 2024

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs:

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19-Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

## TOWN OF ALTAVISTA, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024 (Continued)

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### Section II - Financial Statement Findings

#### 2024-001: Segregation of Duties (Material Weakness)

**Criteria:**

A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.

**Condition:**

The Town's current internal control system does not provide adequate segregation of duties over accounting functions.

**Cause:**

Due to the limited size of the Treasurer's Office, a proper separation of duties has not been established and maintained.

**Effect:**

There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

**Recommendation:**

It is recommended that the Town establish a proper separation of duties.

**Management's Response:**

Management feels that duties are segregated to the extent feasible with the staffing levels in place. The Town has a small staff and this creates inherent limitations in the division of duties and the segregation that is feasible.

### Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

## TOWN OF ALTAVISTA, VIRGINIA

### Summary Schedule of Prior Audit Findings For The Year Ended June 30, 2024

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#### **2023-001: Segregation of Duties (Material Weakness)**

##### **Condition:**

The Town's current internal control system does not provide adequate segregation of duties over accounting functions.

##### **Recommendation:**

It is recommended that the Town establish a proper separation of duties.

##### **Current status:**

Finding 2023-001 recurring in current year as finding 2024-001